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FISCAL IMPACT STATEMENT

LS 6143

BILL NUMBER: SB 152

NOTE PREPARED: Jan 29, 2013

BILL AMENDED: Jan 29, 2013

SUBJECT: Property Tax Assessments.

FIRST AUTHOR: Sen. Eckerty

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill provides that in the case of real property that is the subject of a property tax appeal in which the gross assessed value is determined by the property tax assessment board of appeals (PTABOA), if the assessed value is increased above the amount determined by the PTABOA the assessor has the burden of proving that the assessment is correct.

The bill specifies that this provision does not apply to real property that was valued using the income capitalization approach in an appeal. It specifies, however, that the assessed value is to be adjusted for the annual adjustment factor, the general reassessment of real property, and any physical change to the property. The bill also provides that the assessed value may be changed if the ownership of the property changes.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Currently, when a taxpayer prevails in an assessment appeal to the PTABOA, the PTABOA's assessment modification applies only to the tax year or years that were appealed. Each tax year stands on its own. While the local assessor may use this modified assessment as the base for assessments in subsequent years, the assessor is not required to do so.

Beginning with March 1, 2014, assessments under this bill, the local assessor would have the burden of proving an assessment to be correct if the assessment is greater than the previous year's assessment as determined by the PTABOA in an appeal. The bill would require changes to the assessment that reflect annual adjustments, reassessments, and physical changes to the property. This bill would not apply to assessments made under the income capitalization method.

Currently, there are several reasons why an assessment modified by the PTABOA may not be carried forward. They include:

1. Timing issues between adjudication of the appeal and certification of the following year's assessment.
2. Influence factors may be applied to an assessment for a situation that presents itself for a limited amount of time.
3. Appeals of PTABOA decisions may be made to the Indiana Board of Tax Review (IBTR) and then the Indiana Tax Court and Indiana Supreme Court.

This bill would eliminate the need for real property owners to repeatedly appeal their assessments in cases where the taxpayer prevails. This could reduce the number of appeals filed in some areas which could reduce both county and taxpayer costs.

State Agencies Affected:

Local Agencies Affected: Local assessors, PTABOAs.

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